

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL



CORPORATE LEADERSHIP TEAM'S REPORT TO CABINET

3rd June 2025

Report Title: Kidsgrove Town Deal Update

Submitted by: Deputy Chief Executive

Portfolios: One Council, People & Partnerships, Finance, Town Centres and Growth

Ward(s) affected: Newchapel & Mow Cop, Kidsgrove & Ravenscliffe, Talke & Butt Lane, Bradwell

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
To provide Cabinet an update on the Kidsgrove Town Deal projects and the current risks to the schemes and funding.			
<u>Recommendation</u> That Cabinet: <ul style="list-style-type: none">• Notes the progress made with the Kidsgrove Town Deal projects• Approves the Project Adjustment Form submission to MHCLG for the new Enterprise Units, the community learning facility on Kings Academy, Canal pathway improvements and the highway / public realm improvements to The Meadows, Station Road, Market Street, The Avenue, Heathcote Street along with the public toilets upgrade and Kings Street, subject to Town Deal Board approval• Notes the risks that currently sit against the Railway Station scheme• Agrees to receive further updates as necessary			
<u>Reasons</u> To update Cabinet on the progress with the various projects that are being funded or part funded through the Kidsgrove Town Deal.			

1. Background

- 1.1 As reported to previous Cabinet meetings, the Council has secured Town Deal Funds for the redevelopment of several key regeneration sites across Kidsgrove Town Centre and its wider area as defined in the Kidsgrove Town Deal area.
- 1.2 The Town Investment Plan for Kidsgrove set out 5 key projects for investment. The current status of these is set out in the updates below.

2. Updates

2.1 Kidsgrove Sports Centre

This element of the Town Deal project is complete and the Sports Centre is successfully operating as a community-managed facility.

2.2 Chatterley Valley

This element of the Town Deal project is complete (site servicing works including a new entrance and roundabout to the site and utility main diversion). The developer is due to commence the build out of units later this year. Marketing of the site is active.

2.3 Canal Pathways

Works by the Canal and River Trust have now commenced and are now substantially complete. An extension to the scope is currently being looked into as part of the revised scope for the Shared Service Hub (as detailed in para 2.4 below).

2.4 Shared Service Hub

2.4.1 The Kidsgrove Town Deal Board (KTDB) considered various options for a revised scope of works for this funding allocation, due to the original scheme being assessed to not be deliverable. The previous scheme was to provide a facility for public sector services to deliver to the community but due to service providers withdrawing from the scheme the facility became untenable. Therefore, a revised scope was agreed by the Kidsgrove Town Deal Board in early 2025 and currently the Project Adjustment Forms are being worked up for future consideration and agreement by the Board for various substitute schemes / scopes of work prior to the submission to MHCLG accordingly.

2.4.2 The new scopes include a community learning hub on the Kings Academy site, new small-scale enterprise units on the Meadows, canal pathway and access improvements (see 2.3 above), and, highway improvements earmarked from the original consultation at The Meadows / Station Road, and Market St / The Avenue / Heathcote St along with the public toilet upgrade, along with public realm improvements by Kings Street parade.

2.4.3 Community Learning Hub

This new facility will be provided on the Kings Academy site as a learning resource for the wider community. The hub will provide adult learning opportunities and will see the relocation of the Academy's catering hub. It will link to a satellite facility providing targeted youth services in response to an identified lack of existing facilities and higher levels of antisocial behaviour in Kidsgrove.

The location will be on land at the Kings Academy in the heart of the designated "sports village" that is already home to Kidsgrove Sports Centre, The King's and associated community lettings facilities. The proposed Hub will be highly accessible from the heart of Kidsgrove, with routes available by road, and pedestrian/active travel access via the canal and Kidsgrove Station, creating a seamless connection that enhances the community's ability to access essential services, education, and recreational facilities.

The budget for the facility is £1.5m and the Academy is currently finalising design and costs for the submission of the Project Adjustment Form to MHCLG subject to Town Deal Board approval, with completion by March 2027.

2.4.4 Enterprise Units on The Meadows

In October 2024, following the falling away of several interests in occupying the shared service hub, (most recently a health interest), the Board agreed that developing the shared service hub without potential occupiers was not an option that should be pursued. On this basis the proposed deal with Dales Garage (required for the space for the facility) no longer represented a good use of public funds.

With the focus remaining on enhancing the appearance of the area and encouraging entrepreneurial activity the Board agreed that to achieve this the build of three small business units on land at Meadows Road could be investigated alongside improvements to Meadows Road car park. This was to be on land in the Borough Council's ownership. This would be alongside the proposed highways improvements to Meadows Road / Station Road which are set out on a separate paper.

The current proposal is that the existing car park on Meadows Road is reconfigured to create approximately 20 parking spaces. Three of these will be reserved for the users of the small business units. The business units will comprise 29 sqm / 312 sq. ft of active floor space and staff kitchen and toilet facilities.

The identified budget for the facility is £1.5m, and the Council is currently finalising design and costs for the submission of the Project Adjustment Form to MHCLG subject to Town Deal Board approval, with completion programmed for March 2027.

2.4.5 Canal Pathway Improvements

The Canal and River Trust is already on site for Phase 1 of the works agreed through the Town Deal Board, improving access to the canal pathways at the railway station and into the Town Centre. The proposed Phase 2 works will continue to create accessible and cleared canal pathways from the town centre to the Kings Academy, increasing accessibility to the Community Learning Hub as detailed above to join up the projects.

The identified budget for the facility is £200k and the Canal and River Trust is currently finalising design and costs for the submission of the Project Adjustment Form to MHCLG subject to Town Deal Board approval, with completion programmed for March 2027.

2.4.6 Highway improvements at The Meadows / Station Road, and Market St. / The Avenue / Heathcote St.

The preferred option for Meadows Road / Station Road is for one-way traffic from the A50 towards the Avenue. As the road is in a poor condition, complete resurfacing is recommended alongside the introduction of uncontrolled crossing points and associated updating of kerbs, signage and road layouts.

The preferred option for Heathcote Street is to stop westbound vehicles on the A50 from doing a right turn into Heathcote Street. This will alleviate queuing traffic on the A50 that is backed up behind a vehicle that is waiting to make the turn. Other options were considered, including complete pedestrianisation of Heathcote Street, but following consultation, particularly with local businesses.

The preferred option for Market Street is a one-way section from the Home Bargains pedestrian ramp to the junction with Heathcote Street. A short section of time limited parking will be positioned on Market Street outside the shops. Goods vehicle access will be maintained to the Home Bargains delivery yard. Associated works on Vine Bank Road will install speed bumps to prevent vehicles speeding along this road as a cut through.

During the modelling of the options proposed above, traffic modelling was undertaken. This looked at the impact of the changes on the wider area and on the Air Quality Management Area. This identified a slight increase in traffic pressure on the Mount Road junction with the A50. The proposed response is to improve the cycle and pedestrian route from Mount Road, through to Tesco to encourage a shift to more sustainable travel for short local journeys. There is an existing greenway which follow this route.

The budget for the facility is £1m and Staffordshire County Council is currently finalising design and costs. As this is part of the previously approved scheme it is continuing as previously agreed. for the submission of the Project Adjustment Form to MHCLG subject to Town Deal Board approval, with completion by March 2027.

2.4.7 Public realm improvements to Kings Street Parade

As a part of the wider Kidsgrove public realm improvements, an uplift of the area outside the parade of shops on Kings Street was proposed. This will complement the one-way proposals in Market Street, the Victoria Hall access road and the Heathcote Street proposals.

The budget for the public realm improvements is £1.8m and the Council is currently finalising design and costs for the submission of the Project Adjustment Form to MHCLG subject to Town Deal Board approval, with completion by March 2027.

2.5 Kidsgrove Railway Station works

There is currently an issue with the costs of underpinning the car park due to subterranean mine works, which is being worked through. Survey works have been costed and the issue of additional funding for the remediation is ongoing and is addressed in section 3 below.

2.6 Resignation of the Town Deal Board Chair

In early May 2025 the current Chair of the Kidsgrove Town Deal Board resigned his role after the initial five-year period, due to time and work commitments. A new Chair will be sought at the next Board meeting.

3. **Issues**

3.1 Kidsgrove Railway Station works

3.1.1 The Town Deal Board has been updated as to the substantive challenges facing the delivery of the Kidsgrove Station project, including whether the station project continued to meet the needs and interests of residents in Kidsgrove and whether investment in other projects would be a more appropriate use of the funding.

3.1.2 Given the Board's monitoring of spending funding on other projects, the lack of clarity on additional transport funding, and the risk that Town Deal funding might have to be returned to UK Government, no formal decision has been taken at the Town Deal Board and currently further details on potential options for the future of the project and more information about funding for the station are underway.

3.2 **Current Situation**

3.2.1 Following the January 2025 Kidsgrove Town Deal Board, a meeting with key project stakeholders was held on 27 March 2025. This comprised representatives from MHCLG, DfT, EMR and NuLBC, with the KTDB chair attending on behalf of the Board to seek clarity; and support future decision making. Further information was made available by the stakeholders present:

- East Midlands Railway (EMR) has completed high level optioneering on the potential costs and ground remediation at the railway station.
- Ministry of Housing, Communities & Local Government (MHCLG) officials explained the current position on the Town Deal funding, as set out below.

3.2.2 In headline terms, the optioneering has identified that significant funding would be needed to undertake the full project as planned. In highlighting that, it should be noted that, on every attempt at assessing costs, both current and previous, the best available information at the time has been used.

3.2.3 In addition, there has been a further push on the availability of non-Town Deal funding, such as Local Transport Fund (LTF), for the station project. As a result of pressing the relevant stakeholders for clarity, it has become apparent that the only significant funding currently available for the railway station is Town Deal, plus the small amount of co-funding from EMR.

3.3 Optioneering

3.3.1 The project sub-group set up by the Kidsgrove Town Deal Board has been aware of the historic mining in the area and the need for some form of stabilisation. The initial design for the station project proposed a geogrid solution to mitigate any mining works. This is a synthetic mesh regularly used to provide reinforcement and stabilisation, for example, on car parks. Only at RIBA stage 3 did the NR Mining Engineer inform the project sub-group that this solution would not be acceptable, and that ground investigation (GI) would be required to establish the full extent of any mitigation work. The proposed ground investigations were expected to establish the extent of risk on the impact of historic coal workings in Kidsgrove. This was intended to inform the need for any remediation works and the extent of these.

3.3.2 The optioneering report produced by EMR, sets out the range of possible outcomes, using the best information available, to attempt to anticipate the GI and remediation costs. Since the project inception, there has been an ongoing conversation with NR mining engineers on what would be required. These evolving requirements now include significant remediation across the track corridor should grouting be required within 25m of the track. This adds significant costs, which were not apparent in the previous 2023 cost estimate. As NR has such an influence on these types of projects it is not possible for the Council to counter or reject these costs and additional scope – in essence we have to accept that these are now a factor in the scheme.

3.3.3 The optioneering work looked at 4 main options, with a range of GI and remediation requirements, resulting in 12 scenarios being considered. In all scenarios, except for one, the best estimated cost of GI, remediation and construction exceeds the level of Town Deal funding available. The one affordable option delivers a new station building but will leave the old one derelict which isn't in line with the aspirations of the Town Deal Board and the agreed outputs with MHCLG.

3.4 Conclusion of Optioneering

As a result of the above changes in circumstances and scope additions, EMR have agreed to investigate two further options for the Town Deal Board to consider:



- The practicalities of the one affordable option resulting from the optioneering, which is to use existing remediated land to support development of a new station building.
- A refurbishment of the existing station facility without the need for any GI or remediation.

3.5 Availability of other funds

3.5.1 To date two potential sources of additional funding for the mitigation work have been identified:-

- DfT funding – this is extremely limited and highly competitive and already has priority projects allocated to it.
- Local Transport Fund (suggested by DfT) - This was expected to include an additional amount following the scrapping of HS2 extension to allow local authorities to deliver projects of local significance. The County Council is the accountable body for LTF.

3.5.2 Staffordshire County Council has not, as yet, been able to confirm when or if LTF will become available, as they have had no notification from DfT about this funding source. A letter has been sent to DfT on behalf of the Board, requesting further information on LTF, the reply to which stated, “Allocations for individual local authorities will be confirmed by the Secretary of State for 25/26 in due course” (letter and reply attached as Appendix 1 to this report). This can therefore be discounted as a potential source to fund the shortfall between the TIP project scope, costs of the survey works and any possible remediation.

3.5.3 Kidsgrove Railway Station is included in the County Council’s current draft Local Transport Plan, but this is not a funded plan. It has been confirmed that funding would not be available for ground remediation as this would not fit with the aims of the Local Transport Plan.

3.5.4 NR does not have specific funding allocated for the Town Deal project at Kidsgrove Station. NR has already committed significant resources to previous remediation works for the Access for All initiative at the station in recent years.

3.5.5 EMR have confirmed that they remain committed to the project and that the co-funding in the original business case remains available. There is approximately £111,000 of this remaining.

3.6 Conclusion to Funding Situation

Town Deal funding is currently the only major funding available for Kidsgrove Railway Station and whatever scope is agreed upon it has to come from the remaining project budget of approximately £3.472m (as at end March 2025).

3.7 MHCLG position

3.7.1 Guidance from MHCLG has previously been that they accept that doing the ground remediation was a necessary step in reaching a decision point on the project to:

- Quantify the extent of the remediation costs and the impact on the available funds.
- Provide a target for additional funds for the scheme.

3.7.2 MHCLG has also confirmed that the decision to undertake this survey work was a local decision for the Town Deal Board. This position was on the basis that sufficient funds would be available to undertake the remediation, so there would be a positive outcome from the work.

3.7.3 The result of the current optioneering report has now changed the MHCLG position. The report has demonstrated that there is no realistic prospect of being able to complete the GI, remediate the ground and deliver the project within the Town Deal funds allocated to the station. Although this is based on estimates provided by EMR / NR, it does confirm that the survey works will in all likelihood result in remediation works / costs far in excess of the current funding envelope. MHCLG have made it clear that undertaking GI and not subsequently delivering remediation is not good use of public money as it would not produce any tangible benefits.

3.7.4 MHCLG has now confirmed that due to the lack of additional funding for the station project to cover any potential ground remediation works it would be prudent to consider alternative projects for the allocated monies. It had previously been noted that if any of the station works were not undertaken then there was a risk that allocated amounts would need to be returned to MHCLG as unspent. The Heads of Terms issued by MHCLG on acceptance of the grant state "If the priority projects identified for funding do not progress, MHCLG cannot guarantee that funding can be assigned to alternative projects or that if it is those will be to the same value. This may result in an overall reduction in the amount of funding received."

3.7.5 Further to the new information from MHCLG it is advised that any revised proposals will need to produce an acceptable Benefit Cost Ratio (BCR) and consider the list of acceptable outputs for the Town Deal programme. Extending existing projects that are already included in the Town Investment Plan would be most likely to produce a positive BCR and deliver outputs faster.

3.7.6 MHCLG has confirmed that any contractual commitment on projects needs to be made by March 2027 and spend completed within a reasonable timescale (12 months) after that.

3.8 Conclusion of MHCLG Position

As a consequence of the firming up of advice about unspent funding allocations and the requirement to cover ALL costs (new and old scopes) within the existing allocated funds it is now advisable that the following be considered:

- Review the final options to be presented by EMR and determine whether they are viable investment propositions:
 - Is the Station project within affordable limits / allocated funding envelope.
 - Do any revised proposals have an acceptable BCR for consideration and acceptance by MHCLG.
- A need to develop contingency plans and options with a view to the reallocation of some/all monies from the station project into the extension of existing TIP projects or items that are in line with the original Town Investment Plan.

4. Next steps

In relation to the new projects as a consequence of the Shared Services Hub redistribution of funds as detailed in section 3.3 above, the Town Deal Board will need to approve the submission of the business cases to MHCLG at its upcoming Board Meeting.

In relation to the Train Station project a report setting out the options in more detail as a consequence of the business case development will be presented to the Town Deal Board shortly to decide on a way forward.

The proposed timescale for activities is:

- Board meeting to consider and agree options – end of May
- Public consultation on selected options – Saturday in July
- Board meeting to select preferred option(s) – September

5. Recommendation

That Cabinet:

- Notes the progress made with the Kidsgrove Town Deal projects
- Approves the Project Adjustment Form submission to MHCLG for the new Enterprise Units, the community learning facility on Kings Academy, Canal pathway improvements and the highway / public realm improvements to The Meadows, Station Road, Market Street, The Avenue, Victoria Hall access Road, Heathcote Street along with the public toilet upgrades and Kings Street, subject to Town Deal Board approval
- Notes the risks that currently sit against the schemes
- Agrees to receive further updates as necessary

6. Reasons

- 6.1** The Council as accountable body for the Town Deal Funds it is important to receive updates on progress and risks, which are provided through the update reports to the Economy and Place Scrutiny Committee, but when there is a significant risk – the Train Station project – it is prudent to escalate accordingly.

7. Options Considered

- 7.1** Not applicable

8. Legal and Statutory Implications

- 8.1** The Local Government Act 2000 - powers to promote the economic, social and environmental wellbeing of the Borough.
- 8.2** The Council will need to make sure that its commercial activities are legally and state aid compliant, including having regard to the Public Sector Duty within the Equality Act 2010, statutory guidance on local authority investments and The Prudential Code for Capital Finance in Local Authorities.

- 8.3 All commercial projects and investment opportunities will be examined to ensure that they are within the Council's powers and legal implications will be identified on a case-by-case basis.

9. **Equality Impact Assessment**

- 9.1 The development of these projects does not create any specific equality impacts.

10. **Financial and Resource Implications**

- 10.1 There are financial implications on the Council for these externally funded projects. If the projects do not go ahead the grants could either be re-profiled into other project or new projects, with the ultimate sanction of returning the allocations back to MHCLG.

11. **Major Risks & Mitigation**

- 11.1 The major risk identified within the Kingsgrove Town Deal is the uncertainty of funding for the Railway Station Improvement project as detailed in section 3 above. Work is ongoing to gain an understanding of available funding sources to secure the project.
- 11.2 There are risks associated with wider projects including securing planning permissions for the enterprise units, the Kings Academy facility and the public realm improvements as well as risk associated with the build out / implementation of these schemes. As with all other Town Deal schemes, individual risk assessments / registers will be provided for each scheme.

12. **UN Sustainable Development Goals (UNSDG)**



13. **One Council**

Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

We will make investment to diversify our income and think entrepreneurially.

- The new Enterprise Units will provide an income stream for the Council.

One Digital Council

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.

- Not Applicable

One Green Council

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle.



- The works undertaken will seek to be carbon neutral.

14. Key Decision Information

- 14.1** This is a key decision due to the value of funding being granted to the Council and its multi-ward impact.

15. Earlier Cabinet/Committee Resolutions

- a. Cabinet Report March 2021 – Town Deal Update
- b. Cabinet Report March 2016 – Chatterley Valley
- c. Cabinet Report January 2022 – Chatterley Valley
- d. Cabinet Reports related to Kidsgrove Sports Centre
 - Cabinet 12 October 2022
 - Cabinet 9 June 2021
 - Cabinet 17 March 2021
 - Cabinet 9 September 2020
 - Cabinet 22 April 2020
 - Cabinet 18 March 2020
 - Cabinet 15 January 2020
 - Cabinet 6 November 2019
 - Cabinet 16 October 2019

16. List of Appendices

- 16.1** Appendix 1 – Local Transport Fund correspondence between Staffordshire County Council and the Department for Transport

17. Background Papers

- 17.1** None